

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 H-02 L-02 CIAE-00

INR-07 NSAE-00 PRS-01 SSO-00 NSCE-00 INRE-00 /064 R

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EP - JKING (SUBS)

STR - MR. GUENTHER (SUBS)

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O R 312120Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY QUITO IMMEDIATE

INFO AMEMBASSY CARACAS

AMCONSUL GUAYAQUIL

C O N F I D E N T I A L STATE 072235

E.O. 11652: GDS

TAGS: PFOR, ECIN, EC, US

SUBJECT: NEED FOR REALISM ON CHANGES IN TRADE ACT

REF: QUITO 2966 (NOTAL)

1. PRESIDENT RODRIGUEZ' COMMENTS IN GUAYAQUIL SPEECH ON
NEED TO RECTIFY OBJECTIONABLE PROVISIONS OF TRADE ACT
PRIOR TO OAS GENERAL ASSEMBLY APPEAR AGAIN TO BE A CASE
OF HIS TAKING EXTREME FOREIGN POLICY POSITION PUBLICLY
ON BASIS OF INCOMPLETE APPRECIATION OF WASHINGTON REALITIES
DEPARTMENT BELIEVES THAT COMMENTS ARE UNFORTUNATE BECAUSE
THEY COULD POSE VIRTUALLY IMPOSSIBLE CONDITIONS TO SMOOTH
DEVELOPMENT OF OASGA. WE ALSO FEEL CONTINUED ECUADOREAN
CRITICISM OF U.S. TRADE POLICIES WHICH KNOWLEDGEABLE
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PEOPLE RECOGNIZE WILL HELP ECUADOR IS LIKELY TO BE COUNTER-

PRODUCTIVE IN OUR JUDGMENT OF CURRENT PUBLIC AND CONGRESSIONAL MOOD. BEFORE GOE FINDS ITSELF INEXTRICABLY CAUGHT UP ON THIS WICKET, DEPARTMENT REQUESTS AMBASSADOR TO PAY CALL ON FOREIGN MINISTER OR OTHER APPROPRIATE OFFICIAL IN ORDER TO CLARIFY CURRENT ADMINISTRATION EFFORTS TO MODIFY SECTIONS OF TRADE ACT WHICH ECUADOREANS AND OTHERS FIND OFFENSIVE, DRAWING ON FOLLOWING POINTS:

2. THE ADMINISTRATION HAS DECIDED TO SUPPORT LEGISLATIVE AMENDMENT WHICH WOULD PERMIT MAXIMUM POSSIBLE FLEXIBILITY AND DISCRETION IN IMPLEMENTING GSP OPEC/CARTEL EXCLUSION PROVISION. WHILE SEPARATE AMENDMENTS HAVE ALREADY BEEN INTRODUCED BY SENATORS BENTSEN, KENNEDY, AND HARTKE WHICH WOULD ENABLE GSP TO BE GRANTED TO ECUADOR AND OTHER OPEC MEMBERS WHICH DID NOT EMBARGO THE U.S. IN THE PAST, THE RESPONSIBLE CONGRESSIONAL COMMITTEES NOW AGREE THAT THE LEGISLATIVE PROCESS MUST BEGIN IN THE HOUSE. THE ADMINISTRATION HAD DETERMINE IN RECENT CONSULTATIONS WITH KEY HOUSE WAYS AND MEANS COMMITTEE MEMBERS THAT THEY ARE PREPARED TO INTRODUCE AND SUPPORT AN AMENDMENT WHICH WOULD PROVIDE FLEXIBILITY TO EXECUTIVE BRANCH TO EXTEND GSP AT MINIMUM TO COUNTRIES WHICH DID NOT EMBARGO U.S. IN THE PAST AND POSSIBLY TO ALL OPEC MEMBERS. WE EXPECT THIS AMENDMENT WILL BE INTRODUCED SOON AFTER HOUSE RECONVENES ON APRIL 7 FOLLOWING EASTER RECESS AND THAT ADMINISTRATION PROBABLY COULD THEN PUBLICLY EXPRESS ITS SUPPORT. IN ANY CASE, THIS SHOULD OCCUR WELL BEFORE THE MAY 8 CONVOCAION OF THE OAS GENERAL ASSEMBLY. HOWEVER, PARTICULARLY SINCE HEARINGS PROBABLY WILL BE HELD BY HOUSE WAYS AND MEANS SUBCOMMITTEE ON SUCH AN AMENDMENT, IT APPEARS CERTAIN THAT FINAL LEGISLATIVE ACTION WILL NOT REPEAT NOT OCCUR BEFORE MAY 8. IT IS QUITE POSSIBLE SUBCOMMITTEE HEARINGS WOULD NOT BE CONVENED UNTIL EARLY MAY.

3. PLEASE REPORT RESULTS OF APPROACH SOONEST. KISSINGER

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